4/D-14

## Rectification Entries

| Date | Particulars | L/F | Debit Amount | Credit Amount |
|---|---|---|---|---|
| i, | Sales A/c ... Dr | | 100 | |
| | To Suspense A/c | | | 100 |
| | (Being the Error Rectified for Sales Book was overcast by 100) | | | |
| ii, | X's A/c ... Dr | | 50 | |
| | To Y's A/c | | | 50 |
| | (Being the Error Rectified for Sales of Rs 50 to X was wrongly debited To Y's A/c) | | | |
| iii, | Suspense A/c ... Dr | | 62 | |
| | To General Exp A/c | | | 62 |
| | (Being the Error Rectified for Gen Expenses of Rs 18 was posted to the General Ledger as Rs 80) | | | |
| iv | Bills Receivable A/c ... Dr | | 155 | |
| | Bill payable A/c ... Dr | | 155 | |
| | To P's A/c | | | 310 |
| | (Being the Error Rectified for a Bill Receivable for Rs 155 was passed through Bills payable Book This Bill was Given by P) | | | |
| v | Legal Expenses A/c ... Dr | | 119 | |
| | To Mr Hari A/c | | | 119 |
| | (Being the Error Rectified for Legal Exp Rs 119 paid to Mr Hari was Debited to Personal A/c) | | | |

| | | | |
|---|---|---|---|
| vi, | Suspense A/c ---Dr | 300 | |
| | To Gopal's A/c | | 150 |
| | To Govind A/c | | 150 |
| | (Being the error Rectified for Rs 150 Received from Gopal was debited to Govind) | | |

**Rectification Entries**

| | | | |
|---|---|---|---|
| (a) | Raja A/c ----Dr | 1200 | |
| | To Suspense A/c | | 1200 |
| | (Being the error Rectified for Sale of Goods to Raja for Rs 600 had been posted To wrong side of his A/c) | | |
| (b) | Suspense A/c ---Dr | 1000 | |
| | To Umar A/c | | 1000 |
| | (Being the error Rectified for purchase of Goods for Rs 1,640 from Umar has been posted To the personal account as Rs 640) | | |
| (c) | Sales A/c ---Dr | 150 | |
| | To Furniture A/c | | 150 |
| | (Being the error Rectified for A credit Sale of old furniture for Rs 150 had been passed in Sales day Book) | | |

| | | | |
|---|---|---|---|
| d) | Suspense A/c ---- Dr | 60 | |
| | To Discount Received A/c | | 60 |
| | (Being the error Rectified for the Discount Received A/c had been cast Short Rs. 60) | | |
| e) | Rent A/c ---- Dr | 340 | |
| | To Landlord A/c | | 340 |
| | (Being the error Rectified for payment of Rent Rs 340 was debited To personal A/c of landlord) | | |

Dr

Suspense A/c

| particulars | Amount | particulars | Amount |
|---|---|---|---|
| To Balance b/d | 140 | By Rajas A/c | 1200 |
| To Unni A/c | 1000 | | |
| To Discount A/c | 60 | | |
| | 1200 | | 1200 |

# Rectification Entries

| Date | Particulars | L/F | Debit Amount | Credit Amount |
|---|---|---|---|---|
| (i) | Suspense A/c ---Dr | | 176 | |
| | To personal A/c | | | 176 |
| | (Being the error Rectified for ₹ credit item of Rs 97 has been debited To Personal A/c as Rs 79) | | | |
| | Depreciation A/c ---Dr | | 95 | |
| | To Suspense A/c | | | 95 |
| | (Being the error Rectified for ₹ sum of Rs 95 written of from Fixtures as Dep has not been debited To Dep A/c) | | | |
| (iii) | Furniture A/c ---Dr | | 1500 | |
| | To Purchases A/c | | | 1500 |
| | (Being the Error Rectified for Rs 1500 paid for furniture has been charged To Purchases A/c) | | | |
| (iv) | Customer's A/c ---Dr | | 36 | |
| | To Suspense A/c | | | 36 |
| | (Being the error Rectified ₹ discount of 37 allowed written off to Sundry) | | | |
| (v) | Return Inwards A/c Dr | | 1 | |
| | To Suspense A/c | | | 1 |
| | (Being the Error Rectified for Sales Return Book Cast short by 1) | | | |
| (vi) | Sales A/c ---Dr | | 36 | |
| | To Suspense A/c | | | 36 |
| | (Being the error Rectified for the item of ₹9 was posted as 95 | | | |

DR

## Suspense A/c

| particulars | Amt | particulars | Amt |
|---|---|---|---|
| To personal A/c | 176 | By Balance b/d | 8 |
| | | By Depriciation A/c | 95 |
| | | By customers A/c | 36 |
| | | By Sales Return A/c | 1 |
| | | By Sales A/c | 36 |
| | 176 | | 176 |

## Rectification tables

| Date | particulars | L/F | Debit Amount | Credit Amount |
|---|---|---|---|---|
| (a) | Suspense A/c ... DR | | 18 | |
| | To Madavi A/c | | | 18 |
| (b) | Discount allowed A/c ... DR | | 100 | |
| | Discount Received A/c ... DR | | 100 | |
| | To Suspense A/c | | | 200 |
| (c) | Radhavi A/c ... DR | | 275 | |
| | To Madhavi A/c | | | 275 |
| (d) | Stationery A/c ... DR | | 26 | |
| | To Suspense A/c | | | 26 |
| (e) | purchases A/c ... DR | | 100 | |
| | To Suspense A/c | | | 100 |

### Suspense A/c

| particulars | Amount | Particulars | Amount |
|---|---|---|---|
| To balance b/d | 308 | By Discount allowed | 100 |
| To Madvi A/c | 18 | By Discount Received | 100 |
| | | By Stationery A/c | 26 |
| | | By purchases A/c | 100 |
| | 326 | | 326 |

# Rectification Entries

| Date | Particulars | L/F | Debit Amount | Credit Amount |
|---|---|---|---|---|
| (a) | Suspenses A/c ---- Dr | | 210 | |
| | To purchases Returns A/c | | | 210 |
| (b) | Krishna Textiles A/c ---- Dr | | 770 | |
| | To Suspenses A/c | | | 770 |
| (c) | purchases A/c ---- Dr | | 400 | |
| | Sales A/c ---- Dr | | 400 | |
| | To Suspenses A/c | | | 800 |
| (d) | Kailasams A/c ---- Dr | | 27 | |
| | To Sales A/c | | | 27 |
| (e) | Sales A/c ---- Dr | | 450 | |
| | Suspenses A/c ---- Dr | | 90 | |
| | To Furniture A/c | | | 540 |
| (f) | Drawings A/c ---- Dr | | 75 | |
| | To purchases A/c | | | 75 |
| 1/04/07 | Cash A/c ---- Dr | | 1000 | |
| | To D's A/c | | | 1000 |
| | (an amount of Rs 1000 was received from D on 31 march 2006 but had been entered in the Cash Book, however the above entry is to be Reversed in the new Book on 1st April 2006) | | | |
| (g) | Sales Return A/c ---- Dr | | 100 | |
| | To Suspenses A/c | | | 100 |
| (h) | Furniture A/c ---- Dr | | 300 | |
| | To purchases A/c | | | 300 |
| (i) | Furniture A/c ---- Dr | | 375 | |
| | To wages A/c | | | 375 |
| (j) | Suspenses A/c ---- Dr | | 1288 | |
| | To D's A/c | | | 1288 |
| (k) | B/R A/c ---- Dr | | 200 | |
| | To Discount A/c | | | 200 |
| (l) | Sales Return A/c ---- Dr | | 100 | |
| | To customers A/c | | | 100 |
| (m) | C's A/c ---- Dr | | 400 | |
| | To Suspenses A/c | | | 400 |
| (n) | Suspenses A/c ---- Dr | | 2000 | |
| | To purchases A/c | | | 1000 |
| | To Sales A/c | | | 1000 |

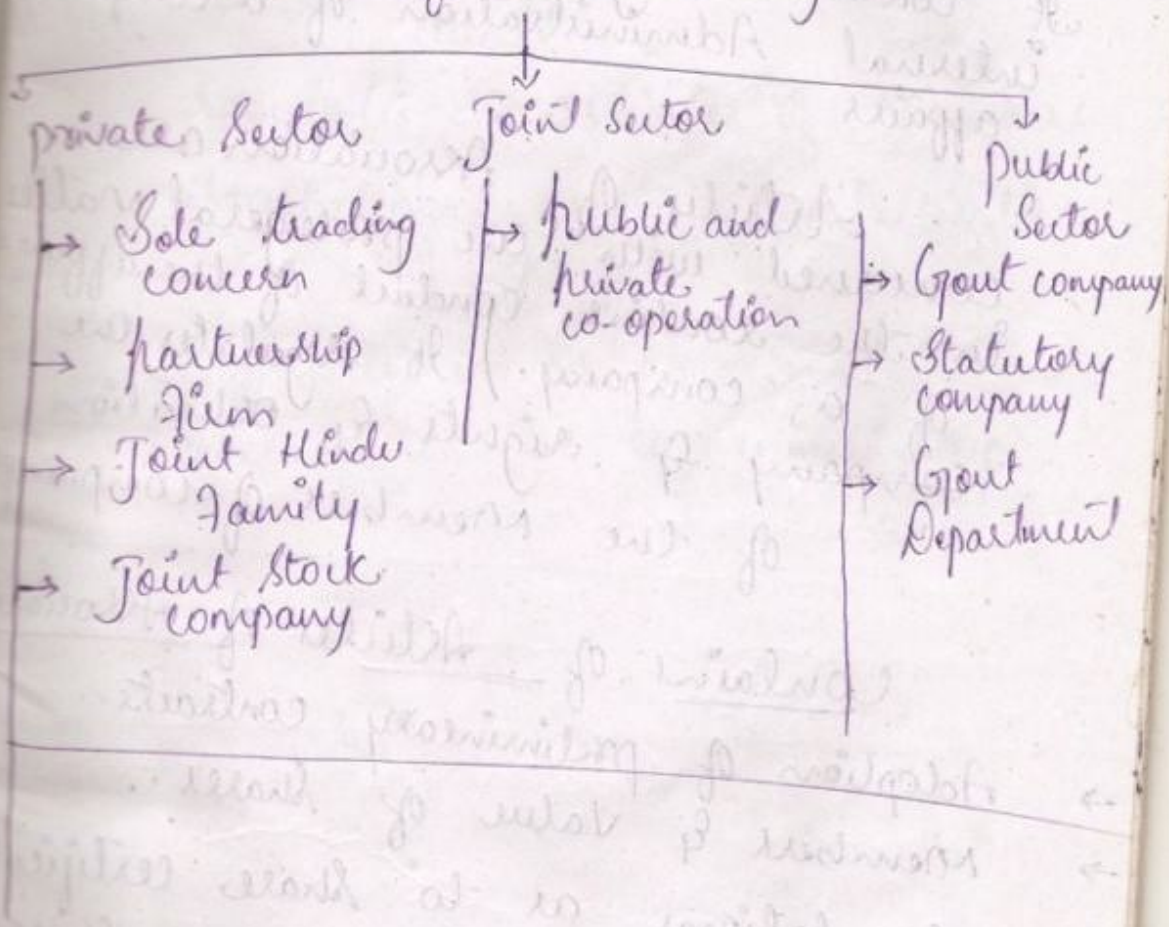
$F_1$ - Select Company
$F_2$ - Change Date
$F_3$ - Creation of Company
$F_4$ - Contra
$F_5$ - Payment
$F_6$ - Receipts
$F_7$ - Journal
$F_8$ - Sales
$F_9$ - Purchases
$F_{10}$ - Memorandum
$F_{11}$ - Features
$F_{12}$ - Configurations
Ctrl + A - Save
" + Q - Quit
" + P - Print

Suspense A/c

| particulars | Amount | particulars | Amount |
|---|---|---|---|
| To Balance b/d | 1220 | By Krishna Traders A/c | 220 |
| To purchase Return A/c | 210 | By Purchases A/c | 400 |
| To Furniture A/c | 90 | By Sales A/c | 400 |
| | 1520 | | 1520 |

| | | | | |
|---|---|---|---|---|
| (10) | Car A/c ---- Dr | | 2000 | |
| | To Purchases A/c | | | 2000 |
| | (Being the error Rectified for Rs 2000 paid as Deposit for purchase of a Car had been charged To Purchases A/c) | | | |

28th July 2009 Forms of Business Organisation



$5 = \frac{5}{1}$

$5\% = \frac{5}{100}$

$2\frac{1}{2} = \frac{5}{2}$

$2\frac{1}{2}\% = \frac{5}{200}$

$33\frac{1}{3} = \frac{100}{3}$

$33\frac{1}{3}\% = \frac{100}{300} = \frac{1}{3}$

$66\frac{2}{3}\% = \frac{2}{3}$

4) 11-16

Annual Depreciation under Straight line Method is

$$\frac{\text{Cost} - \text{Scrap value}}{3 \text{ years}} =$$

$$\frac{20{,}000 - 2000}{3} = 6000$$

∴ For each of the three years the depreciation is Rs 6000 per Annum

5) 11-16

Annual Depreciation under Straight line Method

$$\frac{\text{Cost} - \text{Scrap value}}{10 \text{ years}}$$

$$\frac{50{,}000 - 10{,}000}{10 \text{ years}} = 4000$$

Rate of Depreciation is:

$$\frac{\text{Annual Depreciation}}{\text{cost}} \times 100 = 8\%$$

6/11-16

The Book value After 10% Depreciation is 90%. The Book value on 31-12-2006 is ₹2900 (Given). ∴ Book value on 1-1-2006 is

₹2900 ÷ 90% = 81000

∴ Book value on 1-1-2005 is

81000 ÷ 90% = 90,000

∴ Book value on 1-1-2004 is

90,000 ÷ 90% = 100000

∴ The cost of value of Asset is 100000

Depreciation was Calculated 3 times on 31-12-2004, 31-12-2005, 31-12-2006

∴ The cost of the Machine is ₹2900 ÷ 90% ÷ 90% ÷ 90% = 100000

Dr Machinery A/c Cr

| date | particulars | Amount | date | particulars | Amount |
|---|---|---|---|---|---|
| 1-4-2003 | To Bank A/c | 18000 | 31-12-2003 | By Depreciation A/c 20,000 × 9/12 × 10% | 1500 |
| 1-4-2003 | To Installation Bank A/c | 2000 | 31-12-2003 | By Balance c/d | 18500 |
| | | 20,000 | | | 20,000 |
| 1-1-04 | To Balance b/d | 18500 | 31-12-04 | By Depreciation A/c 20,000 × 10% | 2000 |
| | | | 31-12-04 | By Balance c/d | 16500 |
| | | 18500 | | | 18500 |
| 1-1-05 | To Balance b/d | 16500 | 31-12-05 | By Depreciation A/c | 2000 |
| | | | 31-12-05 | By Balance c/d | 14500 |
| | | 16500 | | | 16500 |
| 1-1-06 | To Balance b/d | 14500 | 30-6-06 | By Depreciation A/c 20,000 × 6/12 × 10% | 1000 |
| | | | 30-6-06 | By Bank A/c (sold | 4000 |
| | | 14500 | 30-6-06 | By Profit & Loss A/c | 9500 |
| | | | | | 14500 |

Date
1-1-03
1-2-03
31-12-03
31-12-03
1-1-04
31-12-04
1-1-05
31-12-05
31-12-05
1-1-06
31-12-06
31-12-06
1-1-07
31-12-07
31-12-07
1-1-08

## Working Notes

| Date | Particulars | Machine-I | Machine-II | Machine-III | Total |
|---|---|---|---|---|---|
| 1-4-05 | Bank | 40,000 | – | – | 40,000 |
| 1-7-05 | Bank | – | 20,000 | – | 20,000 |
| 31-3-06 | Depreciation | 4000 | 1000 | – | 60,000<br>5000 |
| 1-4-06 | Balance | 36000 | 19000 | – | 55000 |
| 31-3-07 | Depreciation | 3600 | 1900 | – | 5500 |
| 1-4-07 & 1-4-05 | Balance | 34000 | 17100 | – | 49500 |
| 1-10-05 | Bank | – | – | 38000 | 38000 |
| 1-10-05 | Depreciation | 2430. | | | 87500 |
| | | 29970 | | | |
| | Bank (sold) | 25000 | | | 32400 |
| | profit & loss a/c (loss on sale) | 4970 | | | 55100 |
| 31-3-06 | Depreciation | – | 1710 | 950 | 2660 |
| 1-4-06 & 1-4-06 | Balance | – | 15390 | 37050 | 52440 |
| 31-3-07 | Depreciation | – | 1,539 | 3705 | 5244 |
| 1-4-07 & 31-3-07 | Balance | – | 13851 | 33345 | 47196 |
| 31-3-07 | Depreciation | – | 1385 | 3335 | 4720 |
| 1-4-07 & 31-3-08 | Balance | – | 12466 | 30010 | 42476 |

Dr. Machinery A/c Cr.

| date | particulars | Amount | date | particulars | Amount |
|---|---|---|---|---|---|
| 1-1-03 | To Bank A/c | 40,000 | 31-12-03 | By Depreciation A/c | 5000 |
| 1-3-03 | To Bank A/c | 20,000 | 31-12-03 | By Balance c/d | 55000 |
| | | 60,000 | | | 60,000 |
| 1-1-04 | To Balance b/d | 55000 | 31-12-04 | By Depreciation A/c | 5500 |
| | | | 31-12-04 | By Balance c/d | 49500 |
| | | 55000 | | | 55000 |
| 1-1-05 | To Balance b/d | 49500 | 1-10-05 | By Depreciation | 2430 |
| 1-10-05 | To Bank A/c | 38000 | 1-10-05 | By Bank A/c (Machine 2 sold) | 25000 |
| | | | 1-10-05 | By Profit & Loss A/c | 4970 |
| | | | 31-12-05 | By Depreciation A/c | 2660 |
| | | | 31-12-05 | By Balance c/d | 52440 |
| | | 87500 | | | 87500 |
| 1-1-06 | To Balance b/d | 52440 | 31-12-06 | By Depreciation | 5244 |
| | | | 31-12-06 | By Balance c/d | 47196 |
| | | 52440 | | | 52440 |
| 1-1-07 | To Balance b/d | 47196 | 31-12-07 | By Depreciation A/c | 4720 |
| | | | 31-12-07 | By Balance c/d | 42476 |
| | | 47196 | | | 47196 |
| 1-1-08 | To Balance b/d | 42476 | | | |

3/H-17

# Working Notes

| Date | particulars | Machine - I | Machine - II | Machine III | Total |
|---|---|---|---|---|---|
| 1-1-2000 | Bank | 12000 | | | |
| | Bank | 8000 | | | 20,000 |
| 1-7-2000 | Bank | - | 10,000 | - | 10,000 |
| | | | | | 30,000 |
| 31-12-2000 | Depreciation | 2000 | 500 | | 2500 |
| 31-12-2000 | Balance | 18000 | 9500 | - | 27500 |
| 1-1-01 | | | | | |
| 31-12-01 | Depreciation | 2000 | 1000 | - | 3000 |
| 31-12-01 | Balance | 16000 | 8500 | - | 24500 |
| 1-1-02 | | | | 24000 | 24000 |
| | Bank | | | | 48500 |
| 1-7-02 | Depreciation | 1000 | | | |
| | | 15000 | | | |
| | Bank | 4000 | | | |
| | | 11000 | | | |
| | Profit & Loss (Loss on Sale) | | | | |
| | | | | 24000 | 16000 |
| | Bank | | | | 32500 |
| 31-12-02 | Depreciation | - | 1000 | 1200 | 2200 |
| 31-12-02 | Balance | - | 7500 | 22800 | 30300 |
| 1-1-03 | | | | | 3400 |
| 31-12-03 | Depreciation | - | 1000 | 2400 | |
| 31-12-03 | Balance. | - | 6500 | 20400 | 26900 |
| 1-1-04 | | | | | |
| 31-12-04 | Depreciation | - | 1000 | 2400 | 3400 |
| 31-12-04 | Balance | - | 5500 | 18000 | 23500 |
| 1-1-05 | | | | | 3400 |
| 31-12-05 | Depreciation | - | 1000 | 2400 | |
| 31-12-05 | Balance | - | 4500 | 16600 | 20100 |
| 1-1-06 | | | | | |

Dr. Machinery A/c Cr.

| Date | Particulars | Amount | Date | Particulars | Amount |
|---|---|---|---|---|---|
| 1-1-2000 | To Bank A/c | 12000 | 31-12-2000 | By Depreciation | 2500 |
| 1-1-2000 | To Bank A/c | 8000 | 31-12-2000 | By Balance c/d | 27500 |
| 1-7-2000 | To Bank A/c | 10,000 | | | 30,000 |
| | | 30,000 | | | |
| 1-1-01 | To Balance b/d | 27500 | 31-12-01 | By Depreciation A/c | 3000 |
| | | | 31-12-01 | By Balance c/d | 24500 |
| | | 27500 | | | |
| 1-1-02 | To Balance b/d | 24500 | 1-7-02 | By Depreciation (machine 3) | 1000 |
| 1-7-02 | To Bank A/c | 24000 | 1-7-02 | By Bank A/c | 4000 |
| | | | 1-7-02 | By profit & loss A/c | 11000 |
| | | | 31-12-02 | By Depreciation | 2200 |
| | | | 31-12-02 | By Balance c/d | 30300 |
| | | 48500 | | | 48500 |
| 1-1-03 | To Balance b/d | 30300 | 31-12-03 | By Depreciation | 3400 |
| | | | 31-12-03 | By Balance c/d | 26900 |
| | | 30300 | | | 30300 |
| 1-1-04 | To Balance b/d | 26900 | 31-12-04 | By Depreciation | 3400 |
| | | | 31-12-04 | By Balance c/d | 23500 |
| | | 26900 | | | 26900 |
| 1-1-05 | To Balance b/d | 23500 | 31-12-05 | By Depreciation | 3400 |
| | | | 31-12-05 | By Balance c/d | 20100 |
| | | 23500 | | | 23500 |
| 1-1-06 | To Balance b/d | 20100 | | | |

5) 8

## Working Notes

| Date | Particulars | Machine-I | Machine II | Machine III | Total |
|---|---|---|---|---|---|
| 1-1-91 or 31-12-90 | Balance | 9,07,200 | 72000×10% = 7200 | | 9,72,000 |
| 31-12-90 | Depreciation | 1008000 | 64800 | | 9720000/90 ×10 = 108000 |
| 1-1-89 & 31-12-89 | Balance | 1008000 | 720,000 | | 1080000 |
| 31-12-89 | Depreciation | 1,12000 | 72000×10% = 7200 | | 1080000×10/90 = 120000 |
| 1-1-89 | Bank (cost) | 1120,000 | 80,000 | | 1200000 |
| | | | 80000×10% = 8000 | | |
| 1-1-89 | Bank (cost) | 1120,000 | 80,000 | | 1200000 |
| 31-12-89 | Depreciation (Straight line Method | 1,12,000 | 8000 | | 120,000 |
| 31-12-89 & 1-1-90 | Balance | 1008000 | 72000 | | 10,80,000 |
| 31-12-90 | Depreciation | 1,12,000 | 8000 | | 120,000 |
| 31-12-90 & 1-1-91 | Balance | 896000 | 64000 | | 960,000 |

Total depreciation as per Straight line Method

1200000 - 960000 = 240000

Total Depreciation as per Diminishing Balance Method

1200000 - 972000 = 228000

∴ The Additional depreciation to be charged in 1991

240000 - 228000 = 12000

Total Depreciation on Second Machine as per Straight line Method =

8000 + 8000 = 16000

Total Depreciation as per Diminishing Balances Method (Second Machine).

8000 + 7200 = 15200

∴ Additional Depreciation To be charged To Second Machine =

16000 − 15200 = 800

∴ Additional Depreciation to be charged To Machine I in 1991 is 12000

12000 − 800 = 11200

| | | Machine I | Machine II | Machine III | Total |
|---|---|---|---|---|---|
| 1-1-91 | Balance | 896000 | 64000 | - | 960,000 |
| 31-12-91 | Depreciation | - | 4800 | | |
| | | | 59200 | | |
| | Bank (sold) | | 45000 | | |
| | Profit & Loss a/c (loss on sale) | | 14200 | | |
| | Bank (purchase) | | | 150,000 | |
| | Bank (Installation) | | | 8000 | 158000 |
| | | | | 158000 | 1118000 |
| | | | | | 64000 |
| | | | | | 1054000 |
| 31-12-91 | Depreciation | (112000 + 11200) 123200 | - | 7900 | 131100 |
| | | 772800 | | 150100 | 922900 |

7/11-18

# Working Notes

| Date | particulars | Machine I | Machine II | Machine III | Total |
|---|---|---|---|---|---|
| 1-1-91 | Bank (pur) | 30,000 | | | |
| 1-1-91 | Bank (over Hauling) | 20,000 | | | 50,000 |
| 1-7-91 | Bank (purchase) | | 25000 | | 25,000 |
| 31-12-91 | Depreciation | 5000 | 1250 | | 6250 |
| 31-12-91 & 1-1-92 | Balance | 45000 | 23750 | | 68750 |
| 31-12-92 | Depreciation | 5000 | 2500 | | 7500 |
| 31-12-92 & 1-1-93 | Balance | 40,000 | 21250 | | 61250 |
| 1-7-93 | Depreciation | 2500 | | | 40000 |
| | | 37500 | | | 21250 |
| | Bank (sale) | 10,000 | | | 60,000 |
| | Profit & Loss A/c (Loss on Sale) | 27500 | | | 81250 |
| 1-7-93 | Bank (pur) | - | | 60,000 | |
| 31-12-93 | Depreciation | - | 2500 | 3000 | 5500 |
| 31-12-93 & 1-1-94 | Balance | - | 18750 | 57000 | 81195 |
| 31-12-94 | Depreciation | - | 2813 | 8550 | 113683 |
| 31-12-94 & 1-1-95 | Balance | - | 15938 | 48450 | 64388 |
| 31-12-95 | Depreciation | - | 2390 | 7268 | 9659 |
| 31-12-95 & 1-1-96 | Balance | - | 13547 | 41182 | 54729 |

## Machinery a/c

(4)

| Particulars | Amount | Date | Particulars | Amount |
|---|---|---|---|---|
| To Balance b/d | 922000 | 1-7-91 | By Additional Depreciation | 12000 |
| To Bank a/c (Machine purchased) | 150000 | 1-7-91 | By Depreciation 80000 × 10% × 6/12 | 4000 |
| To Bank a/c (Installation) | 8000 | 1-7-91 | By Bank a/c (Sold Machine II) | 45000 |
| | | 1-7-91 | By Profit & Loss a/c (Loss on Sale) 64000 - 48000 - 45000 | 15000 |
| | | 31-12-91 | By Depreciation a/c (112000 + 7900) | 119900 |
| | | 31-12-91 | By Balance c/d | 934100 |
| | 1130000 | | | 1130000 |
| 92 To Balance b/d | 934100 | | | |

# Working Notes (Diminishing Balance Method)

| Date | particulars | Mac-I | Mac-II | Mac-III | Total |
|---|---|---|---|---|---|
| 1-7-97 | Bank (purchase) | 800000 | – | – | 800000 |
| 30-6-98 | Depreciation | 160000 | – | – | 160,000 |
| 30-6-98 & 1-7-98 | Balance | 640000 | – | – | 640,000 |
| 1-1-99 | Bank (purchase) | – | 600000 | – | 600000 |
| 30-6-99 | Depreciation | 128000 | 60,000 | | 1240,000 188000 |
| 30-6-99 & 1-7-99 | Balance | 512000 | 540,000 | – | 1052000 |
| 30-6-2000 | Depreciation | 102400 | 108000 | – | 210400 |
| 30-6-2000 & 1-7-2000 | Balance | 409600 | 432000 | – | 841600 |
| 30-6-01 | Depreciation | 81920 | 86400 | – | 168320 |
| 30-6-01 & 1-7-01 | Balance | 327680 | 345600 | – | 673280 |

## under Straight Line Method

| | | | | | |
|---|---|---|---|---|---|
| 1-7-97 | Bank (pur) | 800000 | | | 800000 |
| 30-6-98 | Depreciation | 120,000 | – | | 120000 |
| 30-6-98 & 1-7-98 | Balance | 680,000 | – | – | 680,000 |
| 1-1-99 | Bank (purchase) | – | 600000 | – | 600000 1280,000 |
| 30-6-99 | Depreciation | 120,000 | 45000 | – | 165000 |
| 30-6-99 & 1-7-99 | Balance | 560000 | 555000 | – | 1115000 |
| 30-6-2000 | Depreciation | 120000 | 90000 | – | 210000 |

| | | | | | |
|---|---|---|---|---|---|
| 30-6-2000 & 1-7-2000 | Balance | 440000 | 465000 | | 905000 |
| 30-6-01 | Depreciation | 120000 | 90,000 | | 210000 |
| 30-6-01 & 1-7-01 | Balance | 320000 | 375000 | | 695000 |
| 1-10-01 | Bank (pur) | — | — | 1500000 | 1500000 |
| 30-6-02 | Depreciation | 120000 | 90000 | 166750 | 378750 |
| 30-6-02 & 1-7-02 | Balance | 200000 | 285000 | 1331250 | 1816250 |

Total Depreciation on Diminishing Balances Method from 1-7-97 - 30-6-01
= 726720

Total Depreciation on Straight line Method from 1-7-97 to 30-6-01
= 1083750

∴ ~~Excess~~ Depreciation charged

∴ ~~Additional~~ Excess Depreciation To be Adjusted charged To Machinery A/c on 1-7-01

= ~~1083750 - 726720 = 357030~~

= 726720 - 705000 = 21720

7/H-20

## Working Notes

~~Date particulars~~

(a) Amount wrongly Added to Machinery A/c on 30th June 1974 is 3000. The Depreciated value on 1-1-1976 is Rs 3000 - 150 - Half year depreciation for 1974 - Full year depreciation for 1975 = ~~3000 - 150 - 300~~

$= \left(3000 \times 10 \times \frac{6}{12}\right) \times 10\%$

$= 3000 - 150 - 10\% = 2565$

is to be reduced from the Machinery A/c on 1-1-76.

(b) The cost of Machine purchased on 1-10-74 was Rs 1200 + 80 = 1280 was not added To Machinery A/c. The Book value of this Machine on 1-1-76 was Rs $1280 - \frac{3}{12} \times 10\%$) In 1974 - 10% for 1975 = 32 - 10%

$= 1280 - 32 - 10\% = 1124$

In 1976 Book value of Machine Sold Was 4000 - 10% - 10% on 1-1-1976

∴ Depreciation upto date of Sale 162

∴ The Book value of the Machine on date of Sale 3240 - 162 = 3078

∴ Loss on Sale 3078 - 3000 = 78

The cost of new Machine purchased on 30-6-76 = 6000 + 100 = 6100

∴ Depreciation on this Machine is Rs 6100 × 10%

= 305

The opening Balance in Machinery A/c on 1-1-1976 After corrections is Rs 29800-

Book value of Repairs + purchase of Machine in 1974 at its Book value.

29800 - 2565 + 1124 = ~~28308~~ 28358 - (3240-

∴ Depreciation

Machinery A/c

| | | | | | |
|---|---|---|---|---|---|
| 1-1-76 | To Balance b/d | 29800 | 1-1-76 | By Repair (cancelled) | 256 |
| 1-1-76 | To Bank Machine purchased on 1-10-74 | 1124 | 30-6-76 | By Depreciation | 162 |
| | | | 30-6-76 | By Bank A/c (sold) | 3000 |
| 30-6-76 | To Bank A/c (pur) (Including charges) | 6000 | 30-6-76 | By profit & loss A/c (loss on sale 78) | 78 |
| | | | 31-12-76 | By Depreciation A/c (2512 + 305) | 2817 |
| | | | 31-12-76 | By Balance c/d | 284 |
| | | 37024 | | | 3702 |

Dr Repair & Renewals Provision a/c Cr

| date | particulars | Amount | date | particulars | Amount |
|---|---|---|---|---|---|
| 1st year | To Repairs | 3000 | 1st year | By profit & loss a/c | 30,000 |
| 1st year | To Balance c/d | 27000 | | | |
| | | 30,000 | | | 30000 |
| 2nd year | To Repairs a/c | 8000 | 2nd year | By Balance b/d | 27000 |
| | To Balance c/d | 49000 | 2nd year | By profit & loss a/c | 30,000 |
| | | 57000 | | | 57000 |
| 3rd year | To Repairs a/c | 11000 | 3rd year | By Balance b/d | 49000 |
| | To Balance c/d | 68000 | | By profit & loss a/c | 30,000 |
| | | 79000 | | | 79000 |